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1974

BLUE CROSS of FLORIDA, INC.

*Annual  
Report  
1974*







*Ribbon cutting ceremonies officially open the new twenty-story addition to the Blue Cross and Blue Shield home office building complex in Jacksonville, Florida. Shown left to right are W. R. "Buster" Hancock, Chairman of the Blue Cross Board; Edward Jelks, M.D., Charter Member of the Blue Cross and Blue Shield Board of Directors; and J. W. Herbert, President of Blue Cross and Blue Shield of Florida.*

# ANNUAL MEETING

OF **BLUE CROSS of FLORIDA, INC.**

OCTOBER 16, 1974

Report for 12 months period ending August 31, 1974







*W. R. Hancock  
Chairman  
of the Board*

## **REPORT OF THE CHAIRMAN OF THE BOARD**

I would like to begin my report by quoting Congressman Charles Bennett, "this structure is concrete evidence of growth." These words, with the pun about "concrete evidence" intended, were a part of Congressman Bennett's keynote address at our Blue Cross and Blue Shield home office building dedication on January 19th of this year. On this date we officially opened the new twenty-story addition to the Jacksonville building complex. Congressman Bennett's remarks about our building expansion in truth do evidence the ever expanding role that Blue Cross of Florida plays in serving the people and providers of health care in our state.

This latest addition to the home office of 369,212 square feet brings the total work space at 532 Riverside Avenue in Jacksonville to 488,974 square feet and allowed the Plans to bring 1,300 employees from three other Jacksonville locations under one roof. Today 2,932 employees are working out of the home office. Not to be overlooked I want to add, is the service that is being performed by 269 employees in the 18 branch offices located throughout the state.

I am pleased to report that we were again able to expand benefits this year for the more than 200,000 senior citizens protected under our Complementary Coverage contract without having to increase their rate. On January 1, the 1,200,000 Floridians covered by Medicare had their Part "A" deductible increased from \$72.00 to \$84.00. Co-insurance from the 61st through the 90th day was also increased by \$3.00 a day while the lifetime reserve co-insurance from the 91st through the 150th day

increased by \$6.00 a day. Those Medicare beneficiaries who are fortunate enough to also have the Blue Cross and Blue Shield Complementary Coverage contract had these increases covered for them.

There are several Board actions that have been taken these past twelve months related directly to providers of care that I would like to mention. One has to do with the indemnification of hospitals regarding the Coordination of Benefits. The Board authorized the Plan to indemnify and hold harmless any Participating or Contracting hospital from all legal costs incurred in connection with the repayment of monies to Blue Cross by the hospital when the hospital has received duplicate payment from Blue Cross and one or more carriers.

The Board has also reviewed the Blue Cross Association's policy statement regarding the relationship between Blue Cross Plans and Ambulatory Care Facilities. In Florida this matter is under study by the Board's Provider Relations Committee and the Committee on Area Wide Health Planning. The Board approved at its July 20th meeting a six-month pilot study with one such ambulatory facility.

Continuous efforts toward keeping the patient's hospital claim as low in cost as possible has resulted in additional study and the Board has approved of the Plan doing some research on Multiphasic Health Testing. This research currently involves the paying of such tests in three facilities on a six-months basis to measure the effect on the length of stay. Home Care is also under committee study and expected to be brought up for consideration at the Board Meeting to be held in conjunction with this annual meeting.

We are continuing our participation and cooperation with Health Planning Councils throughout the state adding four new Councils to the list of those to which we have contributed. The Board of Directors approved contributions of \$2,500 to each of the following Councils: Health Facilities Planning Council of the Jacksonville Area, Inc.; Comprehensive Health Planning Council of South Florida, Miami; Palm Beach County Areawide Health Planning Council, Inc., West Palm Beach; Comprehensive Health Planning Council of the Big Bend Area of Florida, Inc., Tallahassee;



North Central Comprehensive Health Planning Council, Gainesville; North-west Florida Comprehensive Health Planning Council, Inc., Pensacola; East Central Florida Comprehensive Health Planning Council, Orlando; Central Florida Comprehensive Health Planning Council, Winter Haven; Broward County Community Health Planning Council, Inc., Ft. Lauderdale; West Central Florida Comprehensive Health Planning Council, Sarasota.

The Board approved at its July 20th meeting the change in scheduling of Board Meetings from bi-monthly to quarterly meetings with Committee Meetings to be held no less than 10 days prior to a Board Meeting.

Again it is my privilege to take this opportunity to thank our Board Members and the Committees of the Board who have given their time and talents so generously to guide the Plan's destinies this year.

I would be remiss if I did not extend my most sincere congratulations to our president Jack Herbert and his excellent staff for the great job they are doing. They have met the challenges of continued growth with a quality performance.

I feel, however, that expressions of appreciation are in order for two more groups outside of the immediate Blue Cross organization who have assisted through their fine cooperation in making Blue Cross the leader that it is today in the health care field. They are the Blue Shield Board of Directors chaired by Joseph Matthews, M.D., and the providers throughout the state who communicate so well in and with Blue Cross endeavors.



W. R. Hancock  
Chairman of the Board





J. W. Herbert  
President

## PRESIDENT'S MESSAGE

Once again I'm both proud and grateful to be able to report to the active members of Blue Cross of Florida that we had impressive gains in the number of subscribers, the payments to hospitals and the additions made to the financial strength of your Plan. Likewise our service to hospitals and other providers substantially increased. Both the number of claim payments and their amount hit new highs. A brief look at the box score reveals the following activity for the twelve-months ended August 31, 1974:

Increase in enrollment .....	130,478
Total members .....	1,860,435
Paid to hospitals on behalf of Florida members .....	151,134,332
Paid to hospitals on behalf of other Blue Cross Plans .....	36,169,721
Paid on behalf of Medicare .....	573,193,241
Paid on behalf of Medicaid .....	2,017,758
Total paid .....	762,515,052
Total increase in payments .....	287,822,977

Last year we mentioned that we were beginning to install new "Silent 700 Terminals," especially produced for us by Texas Instruments Corporation. As of now we have 173 of these units installed in hospitals with fine results for the job they are doing, but we are exploring with several hospitals, how these terminals can do more for us. For example, in one hospital we are now receiving claims information for out-patient cases on Blue Cross. Such claims, because of the terminal's capabilities, have been pre-edited and pre-coded prior to receipt. We plan to expand



this pilot study to include in-patient Blue Cross claims and if Social Security Administration approval can be obtained, Medicare Part "A" claims. This is a tangible offshoot development arising from the tremendous effort we are making to effect a "paperless processing" mode of operation because if we cannot perfect a way to halt the paper onslaught we will surely drown in it. One benefit, of course, is to speed up the payment of claims to hospitals.

For hospitals who do have computer facilities we can also report good progress. Implementation of magnetic tape billing occurred for Memorial Hospital of Jacksonville. Our experience with this hospital along with Jackson Memorial of Miami has provided a sound basis from which we can proceed rapidly toward implementation for other computer oriented hospitals.

As your Chairman has reported the dedication of our new facilities in January has been followed by rapid use and exploitation of these fine facilities. We intend to wring out of this expansion every opportunity for service that we can possibly get.

We have been most cognizant of the heavy burden placed upon hospitals by the recently deceased price control legislation. At the same time it would be inappropriate not to ask that a policy of "documentation of need" be developed and adhered to in both pricing and facility development. Both locally and nationally the health care system is in the headlines and we must be prepared to be able to justify our actions. The same goes for the Blue Cross System and we pledge our support and help in any way we can to further the understanding of the public in what the private sector is doing to keep quality care as the uppermost goal at a reasonable cost.

My deepest thanks to our Chairman of the Board, Mr. W. R. "Buster" Hancock, and to the Board Committees who have experienced some long and arduous meetings to help guide the policies of the Plan. The dedicated efforts of our staff have once again made it possible to do all this growing and still exercise good control. I am pleased also that we have not forgotten the future. Our people are involved in every activity, both local and national that we can participate in. I'm looking forward to next year with great anticipation that we will make new gains and surmount the obstacles that lie ahead in the interest of "better health care for Floridians."

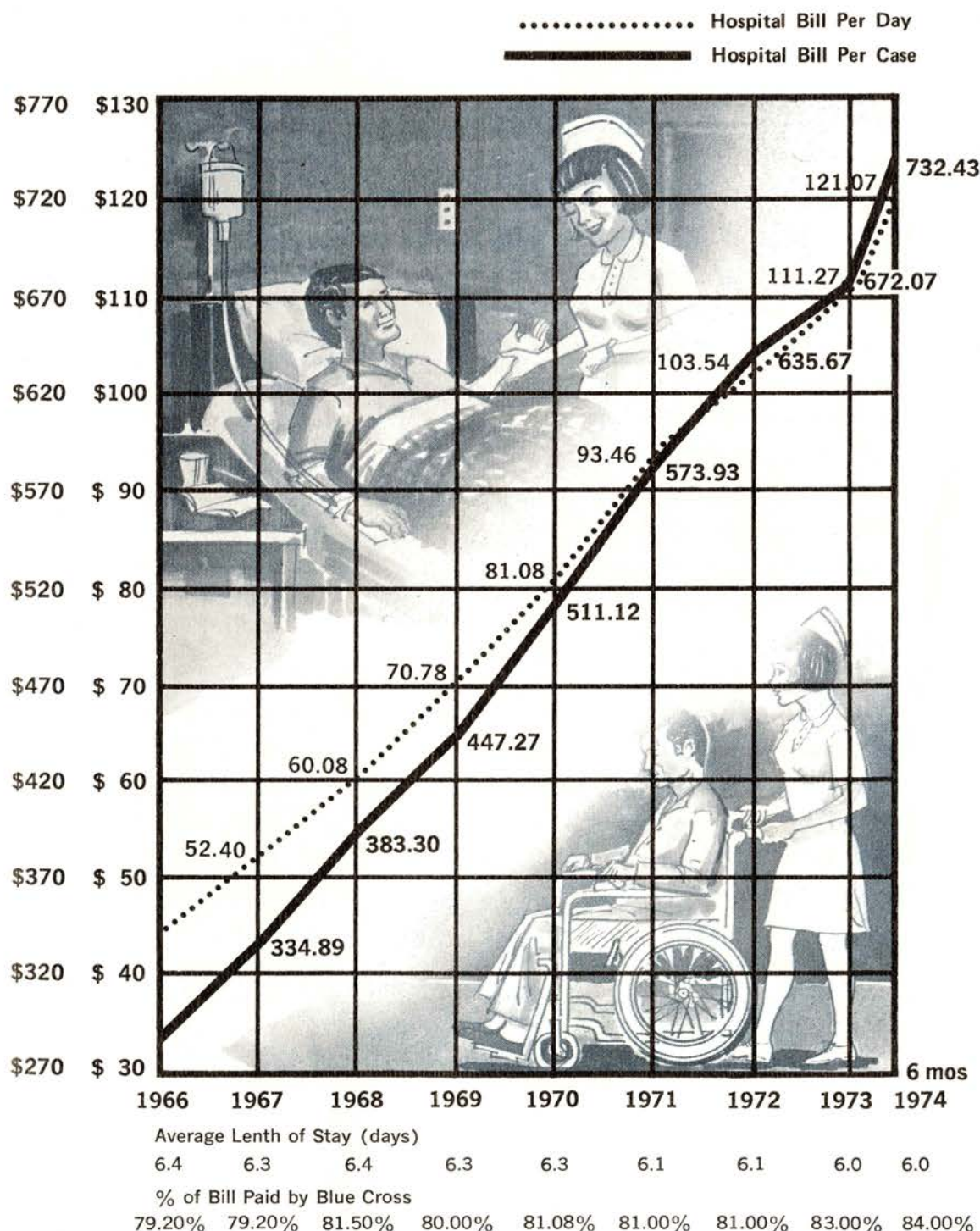


J. W. Herbert  
President





# Average Cost Per Stay in Florida Blue Cross Participating Hospitals by Day . . . by Case



## 28 Hospitals Received Over \$5,000,000 from All Programs Handled by Blue Cross of Florida

### 12 month period ending September 30, 1974

Baptist Hospital—Pensacola .....	5,069,309.00
Baptist Memorial Hospital—Jacksonville .....	5,768,045.25
Bayfront Medical Center, Inc. ....	5,080,792.73
Boca Raton Community Hospital .....	5,146,533.11
Broward General Medical Center .....	6,630,249.73
Cedars of Lebanon Hospital .....	6,372,893.85
Florida Hospital .....	7,759,036.15
Halifax Hospital Medical Center .....	7,156,007.96
Holy Cross Hospital .....	8,828,972.70
Jackson Memorial Hospital—Miami .....	9,525,220.64
Lakeland General Hospital .....	5,621,133.54
Lee Memorial Hospital .....	5,195,839.61
Manatee Memorial Hospital .....	6,075,761.11
Memorial Hospital—Hollywood .....	8,476,258.76
Memorial Hospital—Sarasota .....	8,559,476.99
Mercy Hospital—Miami .....	8,276,188.06
Miami Heart Institute .....	8,942,333.34
Morton F. Plant Hospital .....	8,820,344.79
Mount Sinai Hospital .....	22,825,562.12
North Miami General Hospital, Inc. ....	6,443,660.00
Parkway General Hospital .....	8,371,132.18
South Miami Hospital .....	6,813,054.73
St. Anthony Hospital, Inc. ....	7,440,293.89
St. Francis Hospital, Inc. ....	7,280,404.30
St. Josephs Hospital—Tampa .....	5,725,664.86
St. Marys Hospital .....	5,690,860.73
St. Vincents Medical Center .....	7,294,782.26
Tampa General Hospital .....	6,032,463.66



## **AUDITOR'S REPORT**

Coopers and Lybrand does an annual audit of the operations of Blue Cross of Florida, based on a calendar year, which is the fiscal year for Blue Cross. This audit is used to prepare the annual statement which we must file with the Insurance Department by March 1, of the following year. Copies of this report are distributed to the Board of Directors and are also available to any participating hospital upon request.



# BLUE CROSS of FLORIDA, INC.

## BALANCE SHEET

AS OF AUGUST 31, 1974 AND 1973

Assets	1974	1973
Cash .....	\$ 1,533,987	\$ 1,312,668
Accounts Receivable .....	14,895,111	15,698,959
Accrued Interest Receivable .....	268,945	270,915
Prepaid Expenses .....	123,143	379,839
Note Receivable, Blue Shield of Florida, Inc. ....	1,141,800	1,349,400
Investments at Cost .....	37,736,689	29,222,899
Fixed Assets, Less Depreciation ....	11,696,329	10,653,105
Deposits .....	39,399	39,198
Deferred Compensation Funds .....	275,840	341,406
	<u>\$67,711,243</u>	<u>\$59,268,389</u>

### Liabilities, Deferred Income and Reserves

Accounts Payable .....	\$ 1,008,284	\$ 2,786,469
Mortgages Payable .....	8,908	10,793
Deposits Payable .....	2,804,791	2,154,869
Reserve for Hospitalization Claims .....	22,316,340	17,613,556
Deferred Compensation Funds .....	275,840	341,406
Total Liabilities and Claim Reserves .....	26,414,163	22,907,093
Deferred Income and Unallocated Receipts .....	5,538,724	5,726,121
Reserve for Furniture and Fixtures .....	-0-	133,127
Reserve for Contingencies .....	35,758,356	30,502,048
	<u>\$67,711,243</u>	<u>\$59,268,389</u>



# STATEMENT of OPERATIONS

For 12 Months Ended August 31, 1974 and 1973

	1974	1973
Fees Earned .....	\$151,134,332	\$134,277,979
Hospitalization Costs Incurred ..	<u>138,733,040</u>	<u>119,810,184</u>
Excess of Fees Over Hospital Costs Incurred .....	12,401,292	14,467,795
Operating Expenses .....	<u>9,668,114</u>	<u>7,670,079</u>
Excess of Fees Over Costs Incurred and Operating Expenses .....	2,733,178	6,797,716
Other Income Including Investment Income .....	<u>3,164,094</u>	<u>2,506,864</u>
Net Income .....	5,897,272	9,304,580
Appropriated Surplus .....	<u>23,927 CR</u>	<u>41,827</u>
Net Addition to Reserve For Contingencies .....	<u>\$ 5,921,199</u>	<u>\$ 9,262,753</u>



# BLUE CROSS of FLORIDA, INC.

## OFFICERS

W. R. HANCOCK  
Chairman of the Board  
JOHN F. WYMER, JR.  
Vice-Chairman of the Board  
G. EMERSON TULLY, Ph.D.,  
Vice-Chairman of the Board

J. W. HERBERT  
President  
W. J. STANSELL  
Senior Vice President  
JOHN S. SLYE  
Secretary



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W. R. HANCOCK  
EUGENE G. PEEK, JR., M.D.

G. EMERSON TULLY, Ph.D.  
MICHAEL J. WOOD  
JOHN F. WYMER, JR.



## BOARD OF DIRECTORS

### TERMS EXPIRE 1974

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JOSEPH F. McALOON  
WARREN W. QUILLIAN, M.D.

SHERWOOD D. SMITH  
BERNIE B. WELCH  
B. P. WILSON  
MICHAEL J. WOOD



### TERMS EXPIRE 1975

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W. R. HANCOCK  
ERNEST C. NOTT, JR.

EUGENE G. PEEK, JR., M.D.  
DONALD M. SCHRODER  
G. EMERSON TULLY, Ph.D.  
JOHN F. WYMER, JR.



### TERMS EXPIRE 1976

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HENRY J. BABERS, JR., M.D.  
ROBERT T. BESSERER  
CLARENCE G. KING, JR.

C. T. McCRIMMON  
EDWARD A. PROEFKE  
ROBERT T. SHEEN  
LESTER VARN, JR.

JAMESENA H. WEIR

---

J. W. HERBERT



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ERNEST C. NOTT, JR.

EDWARD A. PROEFKE  
LESTER VARN, JR.  
JOHN F. WYMER, JR.



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CLARENCE G. KING, JR.

DONALD M. SCHRODER  
B. P. WILSON  
MICHAEL J. WOOD



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EVANS CRARY, JR.  
ROBERT EVANS, C.P.A.  
EUGENE G. PEEK, JR., M.D.



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DONALD M. SCHRODER  
ROBERT T. SHEEN

B. P. WILSON



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ERNEST C. NOTT, JR.  
EUGENE G. PEEK, JR., M.D.  
SHERWOOD D. SMITH



# **BLUE CROSS of FLORIDA, INC.**

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